

DEPARTMENT OF FINANCIAL INSTITUTIONS
MINUTES OF MEETING
JULY 13, 1995

The Members of the Department of Financial Institutions met at 9:00 a.m., EST, at 402 West Washington Street, Room W-066, Indianapolis, Indiana, on Thursday, June 8, 1995. Members present were Messrs. Mark Hasten, Chairman; Norman Lowery, Mrs. Dee Godme and Tony Zaleski. Also present from the Department were Charles W. Phillips, Director; Eric D. Roberts, Bank Analyst; James M. Cooper, Deputy Director, Depository Institutions; Charles T. Stumpf, Deputy Director, Administrative Division; J. Philip Goddard, Chief Counsel, Deputy Director, Non-Depository Institutions and Secretary; Mark K. Powell, Supervisor, Credit Unions; and Ronda K. Bailey, Administrative Secretary. Members absent were Douglas Grant, Daniel Leitch and W. Paul Wolf.

I. PUBLIC SESSION

- A.) Attendance
- B.) Date of next meeting: August 10, 1995 at 9:00 a.m., EST.
- C.) A motion was made for approval of the minutes of the meeting held June 8, 1995, by Mr. Zaleski and was seconded by Mr. Lowery. The minutes were unanimously approved.
- D.) Re-organization of the Members as stipulated in IC 28-11-1-8.
 - 1. Election of Vice-Chairman - Mr. Zaleski made a motion to nominate Mr. Paul Wolf as Vice Chairman, and was seconded by Mrs. Godme. The motion was unanimously approved.
 - 2. Election of Secretary and Assistant Secretary - Mr. Lowery made a motion to nominate J. Philip Goddard as Secretary and James M. Cooper as Assistant Secretary. The motion was seconded by Mrs. Godme and was unanimously approved.
 - 3. Any other organizational matters - There were no other organizational matters which needed to be addressed at this time.

DIVISION OF BANK AND TRUST COMPANIES

A) CENTRAL BANK, RUSSIAVILLE, HOWARD COUNTY, INDIANA

A Plan of Exchange (the "Plan") application was filed with this Department on May 11, 1995, whereby C.B. Bank Shares, Inc. ("CB"), Russiaville, Indiana, an Indiana corporation organized on September 30, 1994, will serve as the holding company for Central Bank ("Central"), Russiaville, Indiana. CB was organized at the direction of the Board of Directors of Central and will be a one bank holding company having no independent business activities of its own.

Central National Bank of Howard County, now known as Central Bank, applied to the Members of the Department of Financial Institutions for approval of a Plan of Charter Conversion pursuant to the provisions of IC 28-3-2-1. The application was approved on December 8, 1994, and the conversion consummated on April 25, 1995.

A full scope examination was conducted, as of the close of business September 16, 1994, by the Department prior to Central's charter conversion with a "Satisfactory" CAMEL rating being assigned. In addition, Central received "Satisfactory" CRA and Compliance ratings from the OCC as a result of an examination dated January 5, 1993.

The Plan, dated April 25, 1995, provides for the exchange of one (1) share of CB voting common stock for one (1) share of Central common stock. Central has 50,000 shares of common stock, its only class of stock, authorized, issued, and outstanding, with a par value of \$10.00 per share. Any shareholder of Central who votes in opposition to the Plan and makes written objection to it may do so pursuant to IC 28-1-7.5-8.

The authorized capital shares of CB consists of 150,000 shares, consisting of 100,000 voting common shares, \$10.00 par value per share and 50,000 nonvoting common shares, \$10.00 par value per share. There are currently 100 shares of voting common shares outstanding. Donald B. Smith, President and CEO of Central, acted as sole incorporator and initial shareholder of the 100 shares of CB's voting common shares. At the effective time, CB will repurchase from Mr. Smith, its voting common shares issued upon its organization for the \$1,000.00 paid by him to CB, so that immediately thereafter the authorized and issued voting common shares will consist solely of the shares issued by CB upon the conversion of Central's stock pursuant to the Plan.

The respective Board of Directors of Central and CB, by resolutions dated April 25, 1995, approved and adopted the Plan, and have directed that it be submitted to the respective shareholders for their consideration, approval, and adoption.

The applicant waived its option to have a public hearing on the fairness of the terms of the Plan as provided in IC 28-1-7.5-5. The optional public hearing was originally designed to permit the transaction to be exempt from registration under the Securities Act of 1933 (the "Act") pursuant to Section 3(a)(10) of the Act. However, the Act was recently amended to add Section 3(a)(12), which exempts certain holding company formation transactions from registration. The Plan qualifies for exemption pursuant to this new section.

Burl Thornton, with the Federal Reserve Bank of Chicago stated that the holding company formation would be approved under delegated authority.

Upon completing a thorough review of the Plan of Exchange, the staff concludes that the following statements are true:

- 1.) The plan of exchange, including any modifications, would not adversely affect the financial stability or management of the bank or the general capacity or intention to continue the safe and sound conduct of the bank;
- 2.) the terms and conditions of the plan of exchange are fair and reasonable to the shareholders of the bank; and
- 3.) the holding company has no plans to liquidate the bank, sell its assets or consolidate or merge it with any person, or to make any other material change in its investment policy, business, corporate structure, or management that would be unfair and unreasonable to the shareholders of the bank, and not in the public interest.

The department will issue an order, without including its findings of facts, no later than August 9, 1995.

A motion for approval of the application was made by Mr. Lowery and seconded by Mr. Zaleski. The application was unanimously approved.

DIRECTOR'S COMMENTS AND REQUESTS

- A.) A motion was made by Mr. Zaleski and seconded by Mrs. Godme to approve the amendments made to the Order of Delegation of Duties to the Director. The Order is attached and made a part of the official record. **The motion was unanimously approved.**
- B.) **Bank of Western Indiana, Covington, Fountain County, Indiana**
The bank has notified the Department that they have closed their branch banking office which was known as "Pine Village Branch" located at 103 South Main Street, Pine Village, Warren County, Indiana. The office closed on June 15, 1995. **This is for informational purposes only**
- C.) Mr. Phillips ask Mark Powell to comment on the Naval Avionics Employees Credit Union. Mr. Powell replied that the Naval Air Warfare Center has been scheduled for closing by the Navy. Naval Avionics Employees Credit Union will be affected somewhat by this closing. However; the effect should be minimal due to several factors:

1. Credit Union management has been aware of the possibility of closure for several years and has worked very hard at expanding the field of membership to minimize these effects. Due to this work only 18% of the total membership of the Credit Union are employed at the Center.
 2. The City of Indianapolis is working to try and privatize the work being done at the Center. The Base Closure Committee and the Navy have given tentative approval of this project. If the City is successful all of the work force at the Center would be retained.
 3. On June 21, 1995 the Credit Union was granted an expansion of its field of membership to include the 900 United Airline maintenance employees located at Indianapolis International Airport. These 900 new members could off-set the potential loss of membership that could be caused by the base closing. **This is for informational purposes only.**
- D.) Chuck Stumpf, Deputy Director, Administrative Division, reported on the Regional Automation Conference hosted by the Department which was held at the St Vincent Marten House. In addition to Indiana, the following seven states had representatives: Illinois, Kentucky, Michigan, Missouri, North Carolina, Ohio, and Wisconsin. Mr. Stumpf stated that a highlight of the conference was Department Systems Analyst, Dan Burkman's presentation of his newly created Integrated Data Base System. None of the participating states have such a system and were extremely interested in receiving more information from Mr. Burkman. **This is for informational purposes only.**
- E.) Mr. Phillips suggested that the Members be added to the Departments distribution mailing list. **This is for informational purposes only.**
- F.) A discussion was held regarding the Members Meeting for September 14, 1995, being held at the Annual Examiner's Seminar in Columbus, Indiana. **This is for informational purposes only.**
- G.) The Director advised the Members of actions pursuant to delegated authority. Mr. Phillips asked for any questions or clarifications of the actions, which are as follows:

DIVISION OF BANK AND TRUST COMPANIES

- 1) **PEOPLES BANK AND TRUST COMPANY, SUNMAN, RIPLEY COUNTY, INDIANA**
Peoples Bank and Trust Company, Sunman, Ripley County, Indiana, has filed an application with the Department for the approval to merge with Newco Bank, Sunman, Ripley County, Indiana. Newco Bank is an interim bank formed to facilitate the acquisition of Peoples Bank and Trust Company by First Financial Bancorp, Hamilton, Butler County, Ohio. Peoples

Bank and Trust Company will be the surviving bank. The name of the surviving bank will be Peoples Bank and Trust Company and the main office will be located at 604 North Meridian Street, Sunman, Ripley County, Indiana. **The merger was approved by action taken under Delegated Authority on June 12, 1995.**

2) **INDIANA LAWRENCE BANK, NORTH MANCHESTER, WABASH COUNTY, INDIANA**

The bank has applied for approval to establish a full service branch banking office to be located at 1307 North Cass Street, Wabash, Wabash County, Indiana. The request was approved **by the Director under Delegated Authority on June 23, 1995.**

3) **IRWIN UNION BANK AND TRUST COMPANY, COLUMBUS, BARTHOLOMEW COUNTY, INDIANA**

The bank has applied for approval to relocate a branch banking office from 205 N. College Street, Suite 215, Bloomington, Monroe County, Indiana, to 205 South Walnut Street, Bloomington, Monroe County, Indiana. **The request was approved by the Director under Delegated Authority on June 23, 1995.**

4) **IRWIN UNION BANK AND TRUST COMPANY, COLUMBUS, BARTHOLOMEW COUNTY, INDIANA**

The bank has applied for approval to establish a full service branch banking office to be located at 1803 North Lincoln Street, Greensburg, Decatur County, Indiana. **The request was approved by the Director under Delegated Authority on June 23, 1995.**

DIVISION OF CONSUMER CREDIT

1) A request was made by R & R Pawn, Inc. d/b/a Pawn Mart for a pawnbroker license. The store will be located in Indianapolis. All references are in order. No objections were offered by local law enforcement. The principals of the corporation have been involved with the pawnbroking business prior to forming this corporation. It is recommended that the license be approved. **The request was approved by the Director under Delegated Authority on June 14, 1995.**

2) A request was made by Cash-N-Pawn of Indiana, LLC for a check casher license for a location in Indianapolis. They are currently licensed as a pawnbroker. They will be offering check cashing as a service separate from the incidental sale of goods or services. As such, they will need a check cashing license. It is recommended that the license be approved. **The request was approved by the Director under Delegated Authority on June 14, 1995.**

- 3) A request was made by American Financial Mortgage Corporation for a consumer loan license. The company is based in Pennsylvania. They will have a location in Indianapolis where second mortgage loans will be made. They are currently operating in six states. It is recommended that the license be issued. **The request was approved by the Director under Delegated Authority on June 14, 1995.**
- 4) A request was made by Thomas R. Chester d/b/a Pawn Lair for a pawnbroker license. The store will be located in Portage. Mr. Chester is currently operating a sporting goods store as well as a buy/sell operation. He has a Federal firearms license. No objections were offered by local law enforcement. It is recommended that the license be approved. **The request was approved by the Director under Delegated Authority on June 29, 1995.**
- 5) A request was made by Security Pacific Financial Services of California, Inc. for a consumer loan license. A separate corporation is currently licensed with this Department. This new entity will be making second mortgage loans using local title companies to close the loans. This entity is currently licensed in twenty-one states. It is recommended that the license be issued. **The request was approved by the Director under Delegated Authority on June 29, 1995.**
- 6) A request was made by Wilshire Credit Corporation of Portland, Oregon for a consumer loan license. They will be making second mortgage loans using local title companies for closing the loans. They are currently licensed in three states to make second mortgage loans. It is recommended that the license be issued. **The request was approved by the Director under Delegated Authority on June 29, 1995.**
- 7) A request was made by DSA, Inc. d/b/a E-Z Payday Loans for a consumer loan license. The Directors of the Corporation are currently operating a consumer loan business in Oklahoma and Missouri. They plan to make short term, small loans. All references are in order. It is recommended that the license be approved. **The request was approved by the Director under Delegated Authority on June 29, 1995.**
- 8) A request was made by DSA, Inc. d/b/a E-Z Payday Loans for a check cashing license. The Directors of the Corporation are currently operating a check cashing business in Oklahoma and Missouri. All references are in order. It is recommended that the license be approved. **The request was approved by the Director under Delegated Authority on June 29, 1995.**

DIVISION OF CREDIT UNIONS

1) **NAVAL AVIONICS EMPLOYEES CREDIT UNION, INDIANAPOLIS, MARION COUNTY, INDIANA**

A request for a Petition for Approval of Proposed Amendment to the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

United Airlines Maintenance Center - Indianapolis - 900 members
Mosler, Inc. - Indianapolis - 16 members

The request was approved by the Director under Delegated Authority on June 21, 1995.

2) **TEACHERS CREDIT UNION, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA**

A request for approval of a Petition for Approval of Proposed Amendment to the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

T-Squared Associates - 1 member
BJ Rental, Inc. d/b/a /colortyme - South Bend - 104 members
Lasting Impressions Child Care Center - Elkhart - 10 members
Valley Employee Benefits, Inc. - Mishawaka - 9 members
Agdia, Inc. - Elkhart - 16 members
Powerhouse Gym - Valparaiso - 29 members
Better Hearing Aids, Inc. - Indianapolis - 8 members
Hartwood Corporation - Osceola - 2 members
Cigna Corp, employees at the following locations: - 56 members
10 west Market Street, Indianapolis 46204
9200 Keystone crossing, Indianapolis 46240
8688 Broadway, Merrillville 46410

The request was approved by the Director under Delegated Authority on July 5, 1995.

There being no further business to come before the Members, the meeting was adjourned.

APPROVED:

Mark Hasten, Vice Chairman

ATTEST:

J. Philip Goddard, Secretary